

Authorize expenditure of \$24 million to fund additional fiscal year needs; contract amendment with Honeywell; and other near-term program changes

Water Planning and Stewardship Committee

8-7

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From May 2009 WP&S Committee

- Identify potential funds to address additional FY 2008/09 funding needs
- Develop near-term and long-term implementation approaches
- Perform Cost-Benefit Analysis of devices
- Manage public expectations



Additional fiscal year funding needs

- Regional rebate programs \$ 14.5 million
- Member agency programs \$ 4.0 million
- Public Sector Program \$ 5.5 million

Total \$ 24.0 million

Program changes

- Temporarily suspend commercial program
- 50% cap of retail cost for device incentives
- Device phase outs
- Water Savings Performance Program revisions



Contracting authority

- Increase Honeywell contract by \$22 M to \$80 M
 - 20 % for vendor services
 - 80% pass-through incentives
- Honeywell would provide commercial incentives as part of additional FY 2008/09 needs



Examples - incentive @ 50% cost cap

Changed

- HET: \$100 to \$50 B/C 3.3
- HECW: \$85 to \$50 B/C 1.7
- Urinal < 0.25 gpf: \$400 to \$200 B/C 2.0
- Nozzles w/ press. reg: \$4 B/C 1.2

Unchanged

- Residential WBIC: \$80 B/C 1.0
- Syn Turf: \$0.30/sf B/C 1.0

Administrative actions

- Manage public expectations
 - Reservations until funds are exhausted
 - Periodic communications on remaining funds
- Provide members access to existing vendors
- Pursue state and federal grants

FY 2009/10 budget plan

Conservation Credits Planned Investments for Fiscal Year 2009-2010	
Category	2009-2010 Planned
Regionwide Residential	\$6,000,000
Regionwide CII	\$4,600,000
Public Sector	\$0
Water Savings Performance Program	\$500,000
Enhanced Conservation Program	\$500,000
Member Agency	\$5,500,000
Turf Removal Program	\$0
Agricultural Conservation Program	\$2,000,000
Conservation Credits Total	\$19,100,000

Steps going forward

- Market research
- Member agency advisory committee
- Member agency managers' review
- Return to board with longer-term revised program



Option 1

- Adopt the CEQA determination and authorize staff to:
 - Transfer \$24 million to the Water Stewardship Fund to pay additional fiscal year 2008/09 conservation program needs;
 - Amend Honeywell International agreement increasing the maximum amount payable by \$22 million to \$80 million;
 - Implement conservation program in fiscal year 2009/10 as described; and
 - Implement program changes as described.

Option 2

- Adopt the CEQA determination and authorize staff to:
 - Use FY 2009/10 program funds to pay additional fiscal year 2008/09 conservation program needs;
 - Amend Honeywell International agreement increasing the maximum amount payable by \$22 million to \$80 million;
 - Implement conservation program in fiscal year 2009/10 as described in the event of grant/member funding; and
 - Implement program changes as described.

Option 3

- Adopt the CEQA determination and authorize staff to:
 - Reject pending applications for conservation rebates and do not authorize additional fiscal year 2008/09 expenditures for conservation program needs;
 - Amend Honeywell International agreement increasing the maximum amount payable by \$22 million to \$80 million
 - Implement conservation program in fiscal year 2009/10 as described; and
 - Implement program changes as described.

Recommendation

- Option 1